

Fact Sheet: The Minnesota Initiative Foundations

A Regional Philosophy

McKnight founded the MIFs with three beliefs in mind:

- The success of one town, farm, or business is closely linked to the vitality of the larger community, county, and region.
- Minnesota's small towns and rural areas possess the human and financial resources to meet their most critical needs.
- Decisions about resource allocation are made most effectively by people with the greatest stake in those decisions, not by people many miles away.



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2 Northland Foundation
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3 West Central Initiative
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4 Initiative Foundation
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5 Southwest Initiative Foundation
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6 Southern Minnesota Initiative Foundation
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The Minnesota Initiative Foundations are six independent, nonprofit philanthropic organizations that serve six geographic regions outside the Twin Cities area. They work to make Minnesota's rural communities stronger and more prosperous. With programs tailored to the particular social and economic needs of each region, they make grants and loans; establish partnerships with local governments, businesses, and agencies to address problems cooperatively; and promote regional leadership and employee development through workshops and other training.

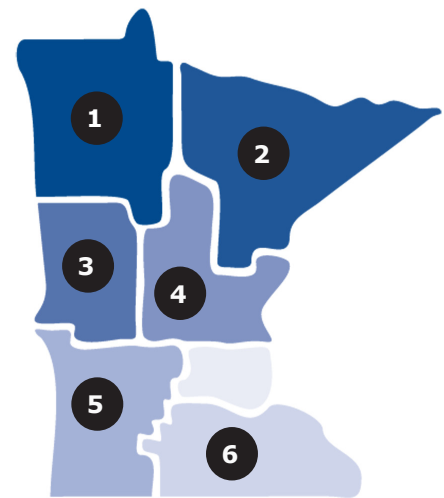
The Minnesota Initiative Foundations, or "MIFs," were created in 1986 by The McKnight Foundation, a private family foundation based in Minneapolis, in partnership with citizens of Greater Minnesota. Each MIF reports to a board of directors from its region. The foundations receive support from McKnight and local donors; state, national, and local governments; and other foundations.

Origins

In the early 1980s, declines in the farming and mining economies were stripping rural communities of people, jobs, and hope. At the same time, McKnight's assets were growing and it wanted to extend some of those new resources to Greater Minnesota.

Believing that the people of rural Minnesota were best positioned to make philanthropic decisions for themselves and their neighbors, McKnight envisioned a regional strategy that would stimulate local giving and encourage local responsibility for the long-term welfare of each region. Such a strategy could help create a philanthropic tradition in Greater Minnesota.

Volunteer steering committees helped set up the Initiative Foundations and identify regional priorities. In 1986, McKnight's



directors made a five-year commitment to launch the funds. As the foundations proved successful, McKnight made further commitments.

McKnight support

Since 1986, McKnight has contributed over \$270 million to the Initiative Foundations, with specific amounts and timing varying according to needs and strategies. Over the same period, McKnight funding in Greater Minnesota has increased from about 5.5 percent of the Foundation's annual grant totals to roughly 21 percent today — a significant expansion of McKnight's giving in rural Minnesota.

In 2002, McKnight provided an additional \$2.6 million to develop and implement a statewide initiative to help children prepare emotionally, socially, and academically to succeed in kindergarten. This marked the Initiative Foundations' first major collaboration toward a statewide goal. Today over 100 communities have been organized to help their youngest citizens be ready to learn when they enter kindergarten.

In 2003, the foundations also began closely collaborating on a regional economic development project to better align public and private resources to grow businesses and

The McKnight Foundation

Founded in 1953 and independently endowed by William and Maude McKnight, the Minnesota-based family foundation had assets of approximately \$2 billion and granted about \$86 million in 2013. McKnight makes grants in support of education and learning, region and communities, the environment, the arts, neuroscience research, and select international efforts. McKnight subscribes to the Minnesota Council on Foundations' "Principles for Minnesota Grantmakers."



Mission

The McKnight Foundation, a Minnesota-based family foundation, seeks to improve the quality of life for present and future generations. Through grantmaking, collaboration, and encouragement of strategic policy reform, we use our resources to attend, unite, and empower those we serve.



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improve the business-finance and entrepreneurial climates. The work is organized around the six Initiative Foundations, each of which is implementing a specific regionally focused effort.

Other sources of support

The Initiative Foundations raise money from governments, businesses, and individuals for programs and general operations as well as for their endowments. Since their inception, they have raised a total of \$198 million from sources other than McKnight.

The McKnight Foundation always intended that the Initiative Foundations would become self sufficient. To that end, it has challenged the MIFs to establish endowments and to raise local money to match McKnight's contributions to their endowments. These endowments provide a financial base that will enable the MIFs to serve their regions long into the future. As of 2013, Initiative Foundation endowments totaled \$233.9 million and ranged in size from \$27.5 million to \$53.8 million. Their combined loan funds totaled \$61.3 million.

Programs and activities

Each Initiative Foundation has its own program that responds to needs specific to its region. Typical categories include:

- human services, such as programs for youth, seniors, families, and emergency needs;
- employment and economic development, including business loans, technical assistance, employee development and training, and business development;
- leadership development; and
- community capacity-building.

Often these programs are linked. For example, grants for childcare and transportation might help low-income people secure education, training, and paid employment. These grants then may complement the Initiative Foundations' economic development loans, which help create new businesses and expand employment opportunities. Over the last 25 years the Initiative Foundations have made 27,880 grants totaling \$169.7 million, and more than 4,100 loans which resulted in more than 42,000 jobs created or retained.

Working with the community

The foundations touch many aspects of civic life in their regions. Their work can best be described as catalytic.

In human services, the foundations make grants and occasionally loans to nonprofit or public organizations, such as social service providers and schools. These organizations often work in partnership with local governments, business groups, or religious congregations to improve childcare, family life, English-language instruction, cultural diversity training, youth services, senior services, and other programs.

For business development, the foundations collaborate with banks, investors, business operators, and local, state, and federal financing programs, such as the Minnesota Department of Employment and Economic Development. Because their structure and philosophy permit risk-taking and encourage innovation, the foundations often can provide the gap financing that gets a project off the ground.

Unlike many investors, the foundations consider their investments successful if loan paybacks continuously replenish their revolving loan funds and support administrative costs. Their ultimate investment goal is to strengthen their regions' economic vitality. They help create and expand businesses with strong prospects for the future and with jobs at a wage level that can support a family.



Questions?

Please visit www.mcknight.org
or call us at 612-333-4220.

More information is also available
at www.GreaterMinnesota.net.